

February 27, 2014

By Electronic Mail

**For the State of Montana**

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**For the United States**

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Dear Ladies and Gentlemen:

As Trustee for the Montana Environmental Custodial Trust (the Custodial Trust), Montana Environmental Trust Group LLC, hereby submits the attached financial statements for the following Custodial Trust Accounts to the beneficiaries of the Custodial Trust:

- (1) The Custodial Trust Administrative Account;
- (2) The East Helena Cleanup Account;
- (3) The Mike Horse/Upper Blackfoot Mining Complex Cleanup Account; and
- (4) The Black Pine Cleanup Account

Page 2  
February 27, 2014  
Beneficiary Letter

The attached financial statements for the quarter and year ending December 31, 2013 and are submitted pursuant to the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites).

In addition, as this is the final report for 2013, year end summaries are provided for the following:

- (1) The Iron Mountain Cleanup Account;
- (2) The East Helena Natural Resource Damage Account;
- (3) The Black Pine Natural Resource Damage Account; and
- (4) The Iron Mountain Natural Resource Damage Account

Please do not hesitate to contact me or Cindy Brooks with any questions pertaining to the attached.

Sincerely,



Montana Environmental Trust Group, LLC.

#### Attachments

cc:

Betsy Burns—EPA-8  
Cynthia Brooks—METG  
Jennifer Roberts—METG  
Jim Ford – METG  
Joe Vranka—EPA-8  
Justin Mosness—Galusha  
Lauri Gorton—METG  
Marc Weinreich—METG  
Nathan D McCarthy— Galusha



GALUSHA  
HIGGINS  
& GALUSHA<sup>PC</sup>  
EST. 1919

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## Accountants Compilation Report

To the Trustees and Beneficiaries  
Montana Environmental Trust Group LLC,  
Trustee for Montana Environmental Custodial Trust  
Helena, MT

We have compiled the accompanying statement of financial position of; the Custodial Trust Administrative Account, the East Helena Cleanup Account, the Mike Horse/Upper Blackfoot Mining Complex Cleanup Account, the Black Pine Cleanup Account, the Iron Mountain Cleanup Account, the East Helena Natural Resource Damage Account, the Black Pine Natural Resource Damage Account and the Iron Mountain Natural Resource Damage Account as of December 31, 2013, and the related statement of activities for the quarter and period then ended included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites).

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the form prescribed by the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites) and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the trustees in presenting financial information in the form of financial statements as prescribed by the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites) without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

These financial statements are presented in accordance with the requirements of the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites), which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

The form prescribed by the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites) omits substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Montana Environmental Custodial Trust.

Galusha, Higgins & Galusha  
February 27, 2014

**Montana Environmental Custodial Trust**  
**Custodial Trust Administrative Account**  
STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS

Current assets

Cash, First Interstate Bank	\$ 46,482.14
Accounts receivable - Asarco documents	2,422.50
Due from other cost centers	2,886.58
Total current assets	<u>51,791.22</u>

Investments, JP Morgan Chase

7,043,706.02

Total assets

\$ 7,095,497.24

LIABILITIES AND NET ASSETS

Accounts payable	\$ 21,737.36
Due to other cost centers	-
	<u>21,737.36</u>

Net assets

7,073,759.88

Total net assets and liabilities

\$ 7,095,497.24

**Montana Environmental Custodial Trust**  
**Custodial Trust Administrative Account**

STATEMENT OF ACTIVITIES

*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
Revenues:					
Investment income, net of fees	\$ 24,634.97	\$ 101,573.75			
Unrealized gains (losses)	(18,832.39)	(119,314.79)			
Total revenues (losses)	5,802.58	(17,741.04)			
Expenses:					
1.A Financial Affairs					
1.A.1 Galusha, Higgins & Galusha, PC	15,661.05	56,411.39	64,400.00	(7,988.61)	87.60%
1.C Property Taxes					
1.C.1 East Helena	69,298.37	73,633.74	73,635.00	(1.26)	100.00%
1.C.2 UBMC-Mike Horse	1,325.19	2,267.46	2,449.00	(181.54)	92.59%
1.C.3 Black Pine	2,876.58	5,798.74	7,313.00	(1,514.26)	79.29%
1.C.4 Iron Mountain	142.31	275.58	293.00	(17.42)	94.05%
1.C Property Taxes Total	73,642.45	81,975.52	83,690.00	(1,714.48)	97.95%
1.F Site Security					
1.F.1 East Helena	2,245.04	12,327.58	22,584.00	(10,256.42)	54.59%
1.F.2 UBMC-Mike Horse	140.00	178.91	11,944.00	(11,765.09)	1.50%
1.F.3 Black Pine	4,550.21	19,589.12	20,163.00	(573.88)	97.15%
1.F.4 Iron Mountain	-	-	-	-	0.00%
1.F Site Security Total	6,935.25	32,095.61	54,691.00	(22,595.39)	58.69%
1.G Insurance					
1.G.1 Commercial General Liability	-	46,237.50	46,238.00	(0.50)	100.00%
1.G.2 Vehicle-Equipment Insurance	-	4,061.00	9,546.00	(5,485.00)	42.54%
1.G.3 Property Insurance	-	25,605.89	28,748.00	(3,142.11)	89.07%
1.G Insurance Total	-	75,904.39	84,532.00	(8,627.61)	89.79%

**Montana Environmental Custodial Trust**  
**Custodial Trust Administrative Account**

STATEMENT OF ACTIVITIES

*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
1.H Trust Legal Affairs					
1.H.1 Outside Council	-	2,002.28	3,287.00	(1,284.72)	60.92%
1.H.2 Records Segregation Costs	-	2,388.68	6,024.00	(3,635.32)	39.65%
1.H.3 GETG Professional Fees	2,362.50	3,881.25	4,950.00	(1,068.75)	0.00%
1.H.4 Water Rights	418.00	2,200.97	12,250.00	(10,049.03)	17.97%
1.H Trust Legal Affairs Total	2,780.50	10,473.18	26,511.00	(16,037.82)	39.51%
1.I Unpatented Mining Claim Maint.					
1.I.1 Fees for Unpatented Mining Claims	-	47,040.00	47,040.00	-	100.00%
1.K Property Sales					
1.K.1 East Helena	2,890.50	10,494.25	15,200.00	(4,705.75)	69.04%
1.L Trustee Costs					
1.L.1 Trustee Fees	3,318.75	31,893.75	33,450.00	(1,556.25)	95.35%
1.L.2 Trustee Expenses	2,319.70	2,319.70	9,000.00	(6,680.30)	25.77%
1.L Trustee Costs Total	5,638.45	34,213.45	42,450.00	(8,236.55)	80.60%
Total expenses	107,548.20	348,607.79	418,514.00	(69,906.21)	83.30%
Change in net assets	(101,745.62)	(366,348.83)	<u>\$ (418,514.00)</u>		
Net assets, beginning of period	7,175,505.50	7,440,108.71			
Net assets, end of period	<u>\$ 7,073,759.88</u>	<u>\$ 7,073,759.88</u>			

**Montana Environmental Custodial Trust**  
**East Helena Clean-up Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS

Current assets

Cash, First Interstate Bank	\$ 156,069.81
Accounts receivable - Asarco documents	22,657.04
Due from other cost centers	-
Total current assets	<u>178,726.85</u>

Investments, JP Morgan Chase

Total assets	<u><u>79,679,838.51</u></u> <u><u>\$ 79,858,565.36</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 2,151,647.04
Retention hold-back payable	252,620.31
Due to other cost centers	<u>435.75</u>
Total current liabilities	<u>2,404,703.10</u>

Net assets

Total net assets and liabilities	<u><u>77,453,862.26</u></u> <u><u>\$ 79,858,565.36</u></u>
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**Montana Environmental Custodial Trust**  
**East Helena Clean-up Account**  
STATEMENT OF ACTIVITIES  
*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
Revenues:					
2.RNT · Rental Income					
2.RNT.b · Agricultural Tenants	\$ -	\$ 3,445.00			
2.RNT.c · Slag Pile	-	36,990.00			
2.RNT · Rental Income Total	-	40,435.00			
Investment income, net of fees	360,793.47	1,387,330.36			
Unrealized gains (losses)	(13,548.50)	(634,408.96)			
Total revenues (losses)	347,244.97	793,356.40			
Expenses:					
2.A · Water Treatment Plant					
2.A.1 · WTP O&M	40,284.51	160,030.69	174,758.00	(14,727.31)	91.57%
2.A.3 · WTP/NPDES Regulatory Compliance	-	-	11,988.00	(11,988.00)	0.00%
Total 2.A · Water Treatment Plant	40,284.51	160,030.69	186,746.00	(26,715.31)	85.69%
2.B · General Site Operations					
2.B.1 · Routine O&M	20,865.28	79,991.35	77,277.00	2,714.35	103.51%
2.B.2 · Office Operations	1,236.03	10,298.93	34,771.00	(24,472.07)	29.62%
2.B.3 · Safety	6,009.18	56,010.84	133,915.00	(77,904.16)	41.83%
2.B.5 · Non-Routine O&M	(248.59)	8,964.00	29,446.00	(20,482.00)	30.44%
2.B.6 · Emergency Response	-	8,459.93	20,000.00	(11,540.07)	42.30%
2.B.7 · Modular Offices	1,413.80	7,298.23	5,000.00	2,298.23	0.00%
Total 2.B · General Site Operations	29,275.70	171,023.28	300,409.00	(129,385.72)	56.93%
2.C · Waste Disposal					
2.C.1 · HDS	-	529.37	4,000.00	(3,470.63)	13.23%
2.C.2 · Contaminated Debris	-	31.00	13,400.00	(13,369.00)	0.23%
2.C.3 · Other	745.20	8,238.01	10,100.00	(1,861.99)	81.56%
Total 2.C · Waste Disposal	745.20	8,798.38	27,500.00	(18,701.62)	31.99%
2.D · Slag Pile Reprocessing	-	62.00	55,500.00	(55,438.00)	0.11%



**Montana Environmental Custodial Trust**  
**East Helena Clean-up Account**  
STATEMENT OF ACTIVITIES  
*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
2.E · Tenants					
2.E.2 · Agricultural Tenants	-	4,838.50	8,500.00	(3,661.50)	56.92%
2.E.4 · Other	-	2,430.80	8,000.00	(5,569.20)	30.39%
Total 2.E · Tenants	-	7,269.30	16,500.00	(9,230.70)	44.06%
2.F · RCRA Compliance					
2.F.1 · Reporting	-	-	2,000.00	(2,000.00)	0.00%
2.F.2 · Inspections	201.50	3,642.50	10,000.00	(6,357.50)	36.43%
2.F.5 · CAMU O&M	2,294.00	13,666.99	10,000.00	3,666.99	136.67%
Total 2.F · RCRA Compliance	2,495.50	17,309.49	22,000.00	(4,690.51)	78.68%
2.I · Risk Assessment					
2.I.1 · HHRA	-	-	25,000.00	(25,000.00)	0.00%
2.I.2 · BERA	-	3,115.00	30,000.00	(26,885.00)	10.38%
Total 2.I · Risk Assessment	-	3,115.00	55,000.00	(51,885.00)	5.66%
2.J · Interim Measures					
2.J.1 · South Plant Hydraulic Control IM					
2.J.1a · SPHC IM Design	206,753.38	830,891.72	1,260,000.00	(429,108.28)	65.94%
2.J.1b · SPHC IM Construction	1,758,468.51	4,153,403.81	4,347,340.00	(193,936.19)	95.54%
2.J.1 · SPHC IM Design & Construction	1,965,221.89	4,984,295.53	5,607,340.00	(623,044.47)	88.89%
2.J.2 · ET Cover System IM					
2.J.2a · ET Cover IM Design	138,497.27	543,740.75	580,000.00	(36,259.25)	93.75%
2.J.2b · ET Cover IM Construction	294,686.80	3,222,073.88	3,721,585.00	(499,511.12)	86.58%
2.J.2 · ET Cover IM Design & Construction	433,184.07	3,765,814.63	4,301,585.00	(535,770.37)	87.54%
2.J.3 · Source Removal IM					
2.J.3a · Source Removal Design	90,884.03	185,282.25	275,000.00	(89,717.75)	67.38%
2.J.3b · Source Removal Construction	-	-	-	-	0.00%
2.J.3 · Source Removal Design & Construction	90,884.03	185,282.25	275,000.00	(89,717.75)	67.38%

**Montana Environmental Custodial Trust**  
**East Helena Clean-up Account**  
STATEMENT OF ACTIVITIES  
*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
2.J.4 · IM/RCRA Support					
2.J.4a · IM Work Plan(s)	49,705.45	88,007.08	100,000.00	(11,992.92)	88.01%
2.J.4b · Corrective Measures Study	23,299.42	164,352.87	165,000.00	(647.13)	99.61%
2.J.4c · Groundwater Flow/Contaminant Model	6,918.75	90,935.65	110,000.00	(19,064.35)	82.67%
2.J.4d · Controlled Groundwater Area	9,765.25	50,654.90	175,000.00	(124,345.10)	28.95%
2.J.4e · 2013 FSAP Implementation	106,334.70	364,090.56	468,000.00	(103,909.44)	77.80%
2.J.4g · Long-term Planning	-	-	75,000.00	(75,000.00)	0.00%
2.J.4h · Finalize Phase II RFI	-	2,183.57	15,000.00	(12,816.43)	14.56%
2.J.4i · Conceptual Site Models	7,001.20	98,026.90	150,000.00	(51,973.10)	65.35%
2.J.4 · IM/RCRA Support	203,024.77	858,251.53	1,258,000.00	(399,748.47)	68.22%
2.J.5 · Design Management/Execution					
2.J.5a · Management/IM Development	109,249.86	418,331.91	1,125,000.00	(706,668.09)	37.19%
2.J.5b · Schedule	16,597.59	78,086.58	132,000.00	(53,913.42)	59.16%
2.J.5c · Financial Affairs and Reporting	42,709.85	186,409.74	267,000.00	(80,590.26)	69.82%
2.J.5d · Sub-contracting	3,532.70	41,511.59	72,000.00	(30,488.41)	57.65%
2.J.5e · SOW/PO Development	24,210.34	105,527.75	200,000.00	(94,472.25)	52.76%
2.J.5f · Direct Expenses	13,388.80	38,056.79	195,000.00	(156,943.21)	19.52%
2.J.5g · ROM Cost Estimate Update	-	-	60,000.00	(60,000.00)	0.00%
2.J.5h · Project Insurance Premium	82,846.00	82,846.00	82,850.00	(4.00)	100.00%
2.J.5 · Design Management/Execution	292,535.14	950,770.36	2,133,850.00	(1,183,079.64)	44.56%
Total 2.J · Interim Measures	2,984,849.90	10,744,414.30	13,575,775.00	(2,831,360.70)	79.14%
2.K · Documents & Records					
2.K.1 · System Set-Up	-	-	33,500.00	(33,500.00)	0.00%
2.K.2 · System Maintenance	-	-	36,000.00	(36,000.00)	0.00%
Total 2.K · Documents & Records	-	-	69,500.00	(69,500.00)	0.00%
2.M · CERCLA Compliance	3,591.00	6,722.00	70,000.00	(63,278.00)	9.60%
2.N · Financial Affairs					
2.N.1 · Financial Affairs-CPA	45,476.37	120,076.13	90,000.00	30,076.13	133.42%
2.N.4 · Design/Construction Audit Service	-	-	60,000.00	(60,000.00)	0.00%
Total 2.N · Financial Affairs	45,476.37	120,076.13	150,000.00	(29,923.87)	80.05%
2.O · Redevelopment					
2.O.1 · Redevelopment Plans & Studies	-	-	80,000.00	(80,000.00)	0.00%
2.O.2 · Redevelopment Support	-	2,914.25	5,000.00	(2,085.75)	58.29%
Total 2.O · Redevelopment	-	2,914.25	85,000.00	(82,085.75)	3.43%

**Montana Environmental Custodial Trust**  
**East Helena Clean-up Account**  
STATEMENT OF ACTIVITIES

*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
2.P · Community Relations					
2.P.1 · General Meetings	230.00	230.00	10,000.00	(9,770.00)	2.30%
2.P.2 · RCRA Annual Public Meeting	804.69	804.69	4,000.00	(3,195.31)	20.12%
2.P.3 · East Helena Website	500.76	913.26	15,000.00	(14,086.74)	6.09%
2.P.4 · Community Involvement/Relations	-	-	75,000.00	(75,000.00)	0.00%
2.P.5 · New Signage	3,500.00	3,577.50	9,500.00	(5,922.50)	37.66%
Total 2.P · Community Relations	5,035.45	5,525.45	113,500.00	(107,974.55)	4.87%
2.R · Legal Support					
2.R.1 · Outside Counsel Fees & Expenses	8,314.96	42,702.21	84,000.00	(41,297.79)	50.84%
2.R.2 · In-House Legal Services	8,437.50	28,856.25	56,250.00	(27,393.75)	51.30%
Total 2.R · Legal Support Total	16,752.46	71,558.46	140,250.00	(68,691.54)	51.02%
2.T · Trustee Management & Support					
2.T.4 · RCRA PM	72,450.00	317,812.50	349,440.00	(31,627.50)	90.95%
2.T.5 · Administrative Staff	-	-	-	-	0.00%
2.T.6 · Compliance Manager	4,120.00	16,590.69	80,000.00	(63,409.31)	20.74%
2.T.7 · Operations Manager	27,739.25	134,307.25	92,400.00	41,907.25	145.35%
2.T.8 · Support Staff	12,448.60	57,008.99	121,000.00	(63,991.01)	47.11%
2.T.9 · Project Controls Manager	8,505.00	54,630.80	150,000.00	(95,369.20)	36.42%
2.T.10 · Construction Mgmt Support/Inspection	-	-	-	-	0.00%
2.T.11 · Trustee Mgmt EH Clean Up	138,829.75	495,262.50	397,800.00	97,462.50	124.50%
2.T.12 · Trustee Land Use & Re-use	1,012.50	5,962.50	70,200.00	(64,237.50)	8.49%
2.T.13 · Trustee Travel and Directs	14,122.05	16,743.98	20,000.00	(3,256.02)	83.72%
Total 2.T · Trustee Management & Support Total	279,227.15	1,098,319.21	1,280,840.00	(182,520.79)	85.75%
Total expenses	3,407,733.24	12,417,137.94	16,148,520.00	(3,731,382.06)	76.89%
Change in net assets	(3,060,488.27)	(11,623,781.54)	(16,148,520.00)		
Net assets, beginning of period	80,514,350.53	89,077,643.80			(1)
Net assets, end of period	\$ 77,453,862.26	\$ 77,453,862.26			

(1) 2012 net assets restated by \$107,791.04 for expenses incurred in 2012 which were reconciled with the vendor in 2013.

(2) In May of 2013 the position of Director of Environmental Programs was added to the Custodial Trust East Helena management team. After consultation with EPA, costs for this position were charged to Cost Center 2.T.11—Trustee Management EH Cleanup, although funds for this position were covered in the previously approved budgets for the following 2.J—Interim Measures Cost Centers: 2.J.4.a—IM Work Plans; 2.J.4.b—CMS; 2.J.4.g—Long-Term Planning; 2.J.4.h—Phase II RFI; and 2.J.5.a—Project Management/IM Development. Total charges of \$123,000 for the Director of Environmental Programs were billed to 2.T.11 in 2013. These additional costs for 2.T.11 were offset by reduced charges for other Trustee personnel (due to the transfer of responsibilities to the Director of Environmental Programs), which resulted in a net savings of approximately \$25,000.

**Montana Environmental Custodial Trust**  
**Summary East Helena Clean-up Account**  
SUMMARY STATEMENT OF ACTIVITIES  
*For the quarter and year ending December 31, 2013*

	3rd QTR	YTD	Approved Budget	Variance	Percentage of Budget
Revenues:					
2.RNT · Rental Income	\$ -	\$ 40,435.00			
Investment income, net of fees	299,894.84	1,387,330.36			
Unrealized gains (losses)	38,048.26	(634,408.96)			
Total revenues (losses)	337,943.10	793,356.40			
Expenses:					
2.A · Water Treatment Plant	40,284.51	160,030.69	186,746.00	(26,715.31)	85.69%
2.B · General Site Operations	29,275.70	171,023.28	300,409.00	(129,385.72)	56.93%
2.C · Waste Disposal	745.20	8,798.38	27,500.00	(18,701.62)	31.99%
2.D · Slag Pile Reprocessing	-	62.00	55,500.00	(55,438.00)	0.11%
2.E · Tenants	-	7,269.30	16,500.00	(9,230.70)	44.06%
2.F · RCRA Compliance	2,495.50	17,309.49	22,000.00	(4,690.51)	78.68%
2.I · Risk Assessment	-	3,115.00	55,000.00	(51,885.00)	5.66%
2.J · Interim Measures	2,984,849.90	10,744,414.30	13,575,775.00	(2,831,360.70)	79.14%
2.K · Documents & Records	-	-	69,500.00	(69,500.00)	0.00%
2.M · CERCLA Compliance	3,591.00	6,722.00	70,000.00	(63,278.00)	9.60%
2.N · Financial Affairs	45,476.37	120,076.13	150,000.00	(29,923.87)	80.05%
2.O · Redevelopment	-	2,914.25	85,000.00	(82,085.75)	3.43%
2.P · Community Relations	5,035.45	5,525.45	113,500.00	(107,974.55)	4.87%
2.R · Legal Support	16,752.46	71,558.46	140,250.00	(68,691.54)	51.02%
2.T · Trustee Management & Staff	279,227.15	1,098,319.21	1,280,840.00	(182,520.79)	85.75%
Total expenses	3,407,733.24	12,417,137.94	16,148,520.00	(3,731,382.06)	76.89%
Change in net assets	(3,069,790.14)	(11,623,781.54)	(\$16,148,520.00)	\$3,731,382.06	71.98%
Net assets, beginning of period	80,523,652.40	89,077,643.80	(1)		
Net assets, end of period	\$ 77,453,862.26	\$ 77,453,862.26			

(1) 2012 net assets restated by \$107,791.04 for expenses incurred in 2012 which were reconciled with the vendor in 2013.

**Montana Environmental Custodial Trust**  
**Mike Horse/UBMC Clean-up Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS

Current assets

Cash, First Interstate Bank	\$ 8,610.17
Prepaid expenses - DEQ	12,393.40
Due from other cost centers	<u>-</u>
Total current assets	21,003.57

Investments, JP Morgan Chase

Total assets	<u>6,757,060.01</u> <u><u>\$ 6,778,063.58</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 33,438.54
Due to other cost centers	<u>2,450.83</u>
Total current liabilities	35,889.37

Net assets

Total net assets and liabilities	<u>6,742,174.21</u> <u><u>\$ 6,778,063.58</u></u>
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**Montana Environmental Custodial Trust**  
**Mike Horse/UBMC Clean-up Account**

STATEMENT OF ACTIVITIES

*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
Revenues:					
Interest income - DEQ	\$ 7.36	\$ 57.48			
Investment income, net of fees	26,046.87	21,132.39			
Unrealized gains (losses)	(21,651.00)	(55,733.86)			
Total revenues (losses)	4,403.23	(34,543.99)			
Expenses:					
4.1 MT DEQ Expenses					
4.A Personnel (MT DEQ)	6,047.99	20,765.57	30,944.00	(10,178.43)	67.11%
4.DEQ Direct & Indirect Expenses	1,312.89	5,389.73	8,803.00	(3,413.27)	61.23%
4.1 Total MT DEQ Expenses	7,360.88	26,155.30	39,747.00	(13,591.70)	65.80%
4.2 Other Expenses					
4.B Material, Supplies & Chemicals					
1-62244 Chemicals	21,168.66	63,036.99	67,500.00	(4,463.01)	93.39%
WTP Supplies	4,133.78	35,865.18	40,050.00	(4,184.82)	89.55%
4.B Material, Supplies & Chemicals	25,302.44	98,902.17	107,550.00	(8,647.83)	91.96%
4.C Operating Labor					
1-62102-01 WTS/Trust Management and Oversight	11,686.50	43,328.25	56,056.00	(12,727.75)	77.29%
1-62102-02 GETG Trustee Oversight	7,200.00	14,287.50	22,500.00	(8,212.50)	63.50%
1-62102-12 Technical Advisory Services (CDM)	-	-	7,900.00	(7,900.00)	0.00%
1-62102-22 WTP Technician/Operator	12,859.70	101,742.31	101,800.00	(57.69)	99.94%
1-62102-28 Operational Trouble-shoot & Support	-	-	3,250.00	(3,250.00)	0.00%
4.C Operating Labor	31,746.20	159,358.06	191,506.00	(32,147.94)	83.21%
4.D Other Professional Services/Labor (Routine)					
1-62102-31 PLC & Instrumentation Service (MET)	2,557.50	12,332.62	13,250.00	(917.38)	93.08%
1-62102-41 Storm Water Regulatory Compliance	2,317.50	2,317.50	4,100.00	(1,782.50)	56.52%
1-62102-204 Health & Safety Compliance	-	1,052.73	2,000.00	(947.27)	52.64%
1-62891 Handyman Charges	2,382.35	7,372.47	7,500.00	(127.53)	98.30%
1-62102-51 GHG Accounting	2,300.94	15,150.83	18,000.00	(2,849.17)	84.17%
1-62243 Weed Control	-	665.50	1,200.00	(534.50)	55.46%
4.D Other Professional Services/Labor	9,558.29	38,891.65	46,050.00	(7,158.35)	84.46%

**Montana Environmental Custodial Trust**  
**Mike Horse/UBMC Clean-up Account**  
STATEMENT OF ACTIVITIES  
*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
4.E WTP Operations - Analytical (Routine)					
1-62106-01 Energy Lab Testing (O&M Samples)	1,816.50	9,238.25	16,500.00	(7,261.75)	55.99%
1-62106-02 Linda Tangen Data Validation (O&M)	593.80	2,679.32	5,000.00	(2,320.68)	53.59%
1-62106-03 Energy Lab Testing (Repositories)	1,413.50	3,300.00	3,300.00	-	100.00%
4.E WTP Operations - Analytical	3,823.80	15,217.57	24,800.00	(9,582.43)	61.36%
4.F WTP Operations - Utilities (Routine)					
1-62186 Waste Disposal	437.23	4,602.34	8,600.00	(3,997.66)	53.52%
1-62371 Telephone	250.29	3,156.68	5,580.00	(2,423.32)	56.57%
1-62601 Electricity	9,662.77	42,775.28	49,300.00	(6,524.72)	86.77%
1-62605 Water & Sewage	200.00	1,071.26	3,460.00	(2,388.74)	30.96%
1-62606 Garbage & Trash	171.26	1,048.60	1,800.00	(751.40)	58.26%
1-62607 Propane	6,997.13	14,040.63	18,700.00	(4,659.37)	75.08%
4.F WTP Operations - Utilities	17,718.68	66,694.79	87,440.00	(20,745.21)	76.27%
4.H Projects & Construction					
1-63100-01 Repair 200 ft. Mike Horse Adit	-	-	30,000.00	(30,000.00)	0.00%
1-63113-03 Spare Parts	-	24,746.34	25,000.00	(253.66)	98.99%
1-63113-04 Concrete Floor Under Building Awning	-	4,413.92	4,500.00	(86.08)	98.09%
1-63113-11 Backup Generator for Upper Site	-	-	9,500.00	(9,500.00)	0.00%
1-63113-12 Purchase/Program HMI PLC Workstation	-	3,998.75	4,000.00	(1.25)	99.97%
1-63113-13 Purchase/Program Standalone Alarm Dialer	-	7,800.00	7,800.00	-	100.00%
1-63113-14 Replace Atlas Copco Air Compressor	-	-	8,500.00	(8,500.00)	0.00%
1-63113-15 Install Filtrate Flow Meters - CMF	-	-	30,000.00	(30,000.00)	0.00%
1-63113-16 Install Holding Tank for Sludge Tank Decant	-	49,288.51	50,000.00	(711.49)	98.58%
1-63113-17 Purchase/Install 500 Gallon Acid Storage Tanks	-	-	10,500.00	(10,500.00)	0.00%
1-63113-18 Relocate Field Test Lab	4,411.06	4,411.06	5,500.00	(1,088.94)	80.20%
1-63113-19 Modify WTP for Intermittent Seasonal Op	500.84	10,523.98	12,000.00	(1,476.02)	87.70%
1-63113-20 Finalize O&M Manual	-	-	17,180.00	(17,180.00)	0.00%
1-63113-21 Purchase Software/Program PLC Data Capture	-	-	13,000.00	(13,000.00)	0.00%
1-63113-22 Automate CIP Cleaning	-	-	34,000.00	(34,000.00)	0.00%
1-63113-23 Install Wall & Extend Mezzanine	559.19	7,875.59	8,000.00	(124.41)	98.44%
1-62102-231 HVAC/Lighting Modification	38,888.19	46,067.00	95,000.00	(48,933.00)	48.49%
1-62102-233 Building Repairs (Corrosion Damage)	1,787.91	1,814.30	9,000.00	(7,185.70)	20.16%
1-62102-42 Water Balance Study (Hydrometrics)	2,704.75	7,356.49	10,000.00	(2,643.51)	73.56%
1-62102-42 Storm Water Maintenance/Upgrades	2,325.25	2,325.25	8,700.00	(6,374.75)	26.73%
1-62102-204 Update and Implement WTP HASP	9,466.67	9,466.67	10,000.00	(533.33)	94.67%
1-62102-41 Storm Water Pollution Prevention Plan	-	7,338.42	7,500.00	(161.58)	97.85%
4.H Projects & Construction	60,643.86	187,426.28	409,680.00	(222,253.72)	45.75%

**Montana Environmental Custodial Trust**  
**Mike Horse/UBMC Clean-up Account**

STATEMENT OF ACTIVITIES

*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
4.1 Set-Aside for Operation Issues/Upsets (Non-Routine)					
1-62102-121 Unforeseen Emergency Response Funds	-	-	50,000.00	(50,000.00)	0.00%
1-63113-301 Low Density Sludge	-	-	28,000.00	(28,000.00)	0.00%
1-63113-302 Sludge TCLP Fails for Cadmium	-	-	36,000.00	(36,000.00)	0.00%
1-63113-303 Effluent Dissolved Oxygen (> 8.0 mg/l)	-	-	12,000.00	(12,000.00)	0.00%
4.1 Set-Aside for Operation Issues/Upsets	-	-	126,000.00	(126,000.00)	0.00%
4.2 Total Other Expenses	148,793.27	566,490.52	993,026.00	(426,535.48)	57.05%
Total expenses	156,154.15	592,645.82	1,032,773.00	(440,127.18)	57.38%
Change in net assets	(151,750.92)	(627,189.81)	(1,032,773.00)	440,127.18	60.73%
Net assets, beginning of period	6,893,925.13	7,369,364.02			
Net assets, end of period	<u>\$ 6,742,174.21</u>	<u>\$ 6,742,174.21</u>			



**Montana Environmental Custodial Trust**

**Black Pine Clean-up Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS

Current assets

Cash, First Interstate Bank

\$ 11,496.57

Money Market

165,549.75

Prepaid expenses - DEQ

366,505.59

Total current assets

543,551.91

Investments, JP Morgan Chase

16,291,510.12

Total assets

\$ 16,835,062.03

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable

\$ 1,960.49

Due to other cost centers

-

Total current liabilities

1,960.49

Net assets

16,833,101.54

Total net assets and liabilities

\$ 16,835,062.03

**Montana Environmental Custodial Trust**  
**Black Pine Clean-up Account**

STATEMENT OF ACTIVITIES

*For the quarter and year ending December 31, 2013*

	4th QTR	YTD	Approved Budget	Variance	Percentage of Budget
Revenues:					
Interest Income - DEQ	\$ 163.94	\$ 711.02			
Interest Income - MM	41.72	177.38			
Investment income, net of fees	65,901.49	264,896.97			
Unrealized gains (losses)	(41,813.90)	(301,693.15)			
Total revenues (losses)	24,293.25	(35,907.78)			
Expenses:					
5.1 Costs Paid Directly by Trustee from Clean-up Account					
2-2-01 Trustee Services/Expenses-Cox	19.25	19.25	1,000.00	(980.75)	1.93%
2-2-02 Trustee Services/Expenses-Marc	731.25	2,478.00	5,000.00	(2,522.00)	49.56%
2-2-03 Mine Maintenance/Security	3,906.00	16,600.50	16,926.00	(325.50)	98.08%
2-2-04 Generator Maintenance	-	1,610.92	2,000.00	(389.08)	80.55%
2-2-51 Accounting Services	666.84	5,336.77	11,000.00	(5,663.23)	48.52%
2-62401 Mileage	584.21	2,193.62	2,330.00	(136.38)	94.15%
2-62405 Snowmobile	60.00	795.00	908.00	(113.00)	87.56%
5.1.1 Utilities					
2-62601 Electricity	1,094.82	5,868.23	7,500.00	(1,631.77)	78.24%
2-62607 Propane	-	-	2,840.00	(2,840.00)	0.00%
5.1.1 Utilities Total	1,094.82	5,868.23	10,340.00	(4,471.77)	56.75%
5.1.2 Permits					
2-62823-01 Operating Permit (#00063)	-	100.00	100.00	-	100.00%
2-62823-02 Storm Water (#MTR300080)	-	1,125.00	1,125.00	-	100.00%
2-62823-03 Air Quality (#1630)	824.70	824.70	825.00	(0.30)	99.96%
5.1.2 Permits Total	824.70	2,049.70	2,050.00	(0.30)	99.99%
5.1 Trustee Costs Total	7,887.07	36,951.99	51,554.00	(14,602.01)	71.68%
5.2 DEQ Costs	40,327.76	415,795.50	1,539,236.00	(1,123,440.50)	27.01%
Total expenses	48,214.83	452,747.49	1,590,790.00	(1,138,042.51)	28.46%
Change in net assets	(23,921.58)	(488,655.27)	\$ (1,590,790.00)	\$ 1,138,042.51	30.72%
Net assets, beginning of period	16,857,023.12	17,321,756.81			
Net assets, end of period	\$ 16,833,101.54	\$ 16,833,101.54			

**Montana Environmental Custodial Trust**  
**Iron Mountain Clean-up Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS	
Current assets	
Cash	\$ -
Total current assets	<u>-</u>
Investments, JP Morgan Chase	1,949,155.17
Total assets	<u><u>\$ 1,949,155.17</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	1,949,155.17
Total net assets and liabilities	<u><u>\$ 1,949,155.17</u></u>

STATEMENT OF ACTIVITIES

*For the year ending December 31, 2013*

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Revenues:	
Investment income, net of unrealized change and fees	\$ (7,094.39)
Total revenues	<u>(7,094.39)</u>
Expenses:	
Total expenses	<u>-</u>
Change in net assets	(7,094.39)
Net assets, beginning of period	1,956,249.56
Net assets, end of period	<u><u>\$ 1,949,155.17</u></u>

**Montana Environmental Custodial Trust**  
**East Helena NRD Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS	
Current assets	
Cash	\$ -
Total current assets	<u>-</u>
Investments, JP Morgan Chase	684,725.62
Total assets	<u><u>\$ 684,725.62</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	684,725.62
Total net assets and liabilities	<u><u>\$ 684,725.62</u></u>

STATEMENT OF ACTIVITIES

*For the year ending December 31, 2013*

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Revenues:	
Investment income	\$ 418.04
Total revenues	<u>418.04</u>
Expenses:	
Total expenses	<u>-</u>
Change in net assets	418.04
Net assets, beginning of period	684,307.58
Net assets, end of period	<u><u>\$ 684,725.62</u></u>

**Montana Environmental Custodial Trust**  
**Black Pine NRD Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS	
Current assets	
Cash	\$ -
Total current assets	<u>-</u>
Investments, JP Morgan Chase	56,306.37
Total assets	<u><u>\$ 56,306.37</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	56,306.37
Total net assets and liabilities	<u><u>\$ 56,306.37</u></u>

STATEMENT OF ACTIVITIES

*For the year ending December 31, 2013*

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Revenues:	
Investment income	\$ 34.42
Total revenues	<u>34.42</u>
Expenses:	
Total expenses	<u>-</u>
Change in net assets	34.42
Net assets, beginning of period	56,271.95
Net assets, end of period	<u><u>\$ 56,306.37</u></u>

**Montana Environmental Custodial Trust**  
**Iron Mountain NRD Account**

STATEMENT OF FINANCIAL POSITION

*December 31, 2013*

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ASSETS	
Current assets	
Cash	\$ -
Total current assets	<u>-</u>
Investments, JP Morgan Chase	31,172.54
Total assets	<u><u>\$ 31,172.54</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	31,172.54
Total net assets and liabilities	<u><u>\$ 31,172.54</u></u>

STATEMENT OF ACTIVITIES

*For the year ending December 31, 2013*

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Revenues:	
Investment income	\$ 19.02
Total revenues	<u>19.02</u>
Expenses:	
Total expenses	<u>-</u>
Change in net assets	19.02
Net assets, beginning of period	31,153.52
Net assets, end of period	<u><u>\$ 31,172.54</u></u>